



**STATEMENT OF PROCEEDINGS  
FOR THE SPECIAL MEETING OF THE  
LOS ANGELES COUNTY AUDIT COMMITTEE  
KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 374  
LOS ANGELES, CALIFORNIA 90012**

**Wednesday, August 21, 2013**

**10:30 AM**

AUDIO LINKS FOR MEETING. (13-3913)

**Attachments:**    [AUDIO](#)  
                              [AUDIO](#)

Present:            Chair Dorinne Jordan, Member Louisa Ollague, Member  
                              Kieu-Anh King and Member Lori Glasgow

Excused:           Vice Chair Carl Gallucci

Call to Order. (13-3631)

**The meeting was called to order by Chair Dorinne Jordan at 10:42 a.m.**

**I. ADMINISTRATIVE MATTER**

1. Approval of the July 17, 2013 meeting minutes. (13-3632)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

**II. BOARD POLICIES**

2. Recommendation to approve amendments to Board Policy No. 4.030 - Budget Policies and Priorities and extend the sunset review date to July 1, 2017 (7/11/13) (Continued from meeting of 8/21/13). (13-3512)

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

3. Recommendation to extend the sunset review date for the following Board Policies:

6.100 - Information Technology and Security Policy  
6.101 - Use of County Information Technology Resources  
6.102 - Countywide Antivirus Security Policy  
6.103 - Countywide Computer Security Threat Responses  
6.104 - Use of Electronic Mail (e-mail) by County Employees  
6.105 - Internet Usage Policy  
6.106 - Physical Security  
6.107 - Information Technology Risk Assessment  
6.108 - Auditing and Compliance  
(Continued from meeting of 8/21/13). (13-3018)

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was continued to the next meeting.**

Attachments:    [SUPPORTING DOCUMENT](#)

### **III. SUNSET REVIEW**

4. Sunset Review for the Los Angeles County Historical Landmarks and Records Commission (8/5/13). (13-3722)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was approved.**

Attachments:    [SUPPORTING DOCUMENT](#)

### **IV. OLD BUSINESS**

5. Recommendation to extend the sunset review date of Board Policy No. 5.050 - Contractor's Use of GAIN/GROW Participants, to July 16, 2017 (5/6/13)  
(Continued from meetings of 6/27/13, 7/17/13 and 8/21/13). (13-2149)

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was continued to the next meeting.**

Attachments:    [SUPPORTING DOCUMENT](#)

6. Recommendation to approve substantive changes to Board Policy No. 9.040 - Investigations Of Possible Criminal Activity Within County Government, extend the sunset review date to September 8, 2018 and submit to the Board of Supervisors for final action (7/2/13) (Continued from meeting of 7/17/13 and 8/21/13). (13-3313)

**In response to questions posed by Committee members, Robert Campbell, reported that amendments to the policy, addressing the Board of Supervisor's concerns, include Auditor-Controller access to records, expected cooperation with audit investigations by departments and the implementation of a reporting structure, including semi-annual reports identifying actions taken by the departments for fraud hotline cases.**

**Wendy Watanabe, A-C, provided a brief summary of the process followed when fraud is detected and stated that the fraud hotline reports were already common practice but were never included in the policy.**

**Louisa Ollague requested that this item be continued to allow further discussion.**

**On motion of Louisa Ollague, seconded by Lori Glasgow, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

7. Recommendation to extend the sunset review date of Board Delegated Authority No. 20.020 - Establish, Increase, Reduce, or Discontinue Revolving Funds, to June 30, 2017 (5/10/13) (Continued from meetings of 6/27/13 and 7/17/13). (13-2359)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

8. Recommendation to extend the sunset review date of Board Delegated Authority No. 20.070 - Revolving Cash Trust Funds, to June 30, 2017 (5/10/13) (Continued from meetings of 6/27/13 and 7/17/13). (13-2389)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

9. Recommend to the Board of Supervisors to extend the Los Angeles County Sybil Brand Commission for Institutional Inspections' sunset review date to October 1, 2017 (6/17/13) (Continued from meetings of 6/27/13, 7/17/13 and 8/21/13). (13-2958)

**Dorinne Jordan asked for clarification on the type of communication the Department of Children and Family Services (DCFS) has with the Sybil Brand Commission (SBC); what authority is there to implement and execute SBC recommendations and if they must go to another body for consideration.**

**Patricia Bolanos Gonzalez, DCFS, reported that they collaborate with SBC by following up on SBC findings and Title 22 regulation compliance/deficiencies after they are reported to the provider, Probation Department, and DCFS for resolution. Contractors are informed that Commissioners are part of the County and they must cooperate with SBC recommendations. SBC serves as an extra set of eyes and ears.**

**Dorinne Jordan expressed the need to be strategic about visits and encouraged DCFS to share their schedule with SBC. Discussion ensued on SBC, DCFS and Probation Department inspections and how they differ.**

**Louisa Ollague requested that the Executive Office come up with ideas on how they can reshape SBC's scope of work and maximize their efforts.**

**On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was continued two months.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

10. Recommend to the Board of Supervisors to extend the Los Angeles County Consumer Affairs Advisory Commission sunset review date to June 30, 2017 (7/10/13) (Continued from meeting of 7/17/13). (13-3342)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was approved.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

11. Department of Public Social Services - Chicana Service Action Center, Inc. Contract Extension and Solicitation Disqualification Review (2/12/13) (Continued from meetings of 2/28/13, 3/28/13, 4/25/13, 6/27/13 and 7/17/13). (13-0850)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

12. County's Single Audit Report FY 2011-12 (3/29/13) (Continued from meetings of 4/25/13, 6/27/13 and 7/17/13). (13-1852)

**This item was discussed with Item No. 27.**

**Jim Godsey, Macias Gini & O'Connell, LLP (MGO), distributed and discussed the communication letter, dated May 20, 2013, basic financial statements and the County Single Audit Report, all documents for the year ended June 30, 2012 audited and executed by MGO. Mr. Godsey provided an overview of significant findings of the audit and answered questions posed by Kieu-Ahn King and Louisa Ollague with regard to uncorrected misstatements in the financial statements, which are considered insignificant if below 5% of the revenue stream, and the Federal expenditure amount for the Bioterrorism Hospital Preparedness Program.**

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

[SUPPORTING DOCUMENT - CAFR](#)

13. Community Development Commission - Fiscal Review (6/20/13) (Continued from meetings of 6/27/13, 7/17/13 and 8/21/13). (13-2992)

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

14. Department of Mental Health - Mileage, Travel and Auto Damage Claims Review (6/21/13) (Continued from meetings of 6/27/13 and 7/17/13). (13-3031)

**Marvin Southard, D.S.W., Director of Department of Mental Health (DMH), reported that actions have been taken to implement the audit recommendations, including the anticipated full implementation of the Mileage Authorization and Reimbursement System (MARS) by December 2013.**

In response to questions posed by Dorinne Jordan and Kieu-Anh King, Robert Smythe, A-C, reported that the MARS utilizes an internet map system as a way to prevent employees from claiming excessive miles and it also stores employee's home address to prevent claims for commutes between home and headquarters.

Wendy Watanabe, Auditor-Controller (A-C), reported that a 20% tolerance margin is allowed for inconsistencies in miles claimed, for individual who might get lost, and the Fiscal Policy now reflects the requirement to submit claims no later than three months after being out on the field.

In response to questions posed by Lori Glasgow, Mr. Smythe and Robert Campbell, A-C, reported that MARS is entirely automated and prevents errors that were prone with the traditional cumbersome paper mileage claim process.

Mr. Southard reported that MARS represents improvement in management efficiency and assures proper protocols are followed for mileage claim procedures.

Margo Morales, DMH, reported that MARS alleviates having to utilize payroll personnel for mileage claims.

On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.

Attachments:    [SUPPORTING DOCUMENT](#)

15. Treasurer and Tax Collector - Payroll/Personnel Review (7/1/13) (Continued from meeting of 7/17/13). (13-0874)

In response to Dorinne Jordan's questions regarding over and under payments, Navjot Kaur, Human Resources Manager for the Treasurer and Tax Collector's Office (TTC), explained that Department Head approval was not previously required for over and under payments for employees on sick leave and worker's compensation however; outstanding payment issues have been resolved and communications with Third Party Administrators have improved ensuring appropriate payments are made. Ms. Kaur indicated that quarterly meetings are held to review special bonuses such as bilingual pay, out of class, and other special bonuses.

---

**In addition, the new electronic Human Resource (eHR) System requires approvals for all transactions.**

**On motion of Dorinne Jordan, seconded by Kieu Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

16. Department of Public Works Petty Cash Fund - Follow-Up Review (7/1/13) (Continued from the meetings of 7/17/13 and 8/21/13). (13-3212)

**On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

## **V. REPORTS**

17. Review of the County Treasurer's Statements of Net Assets. (13-2459)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT - QUARTER ENDED 9-30-12](#)  
[SUPPORTING DOCUMENT - QUARTER ENDED 12-31-12](#)  
[SUPPORTING DOCUMENT - QUARTER ENDED 3-31-13](#)

18. Probation Department Juvenile Camps - Department of Justice Settlement Agreement Monitoring for September 1, 2012 through November 30, 2012 - Eighth Status Report (7/11/13) (Continued from meeting of 8/21/13). (13-3515)

**Auditor-Controller staff was instructed to confirm the exit settlement plan date and revise the schedule table to reflect greater detail for provisions implemented.**

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

19. Department of Parks and Recreation - Review of Trust Funds, Special Funds, Commitments, and Accounts Payable (7/12/13) (Continued from the meeting of 8/21/13). (13-3526)

**On motion of Dorinne Jordan, seconded by Lori Glasgow, this item was continued to the next meeting.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

20. Department of Community and Senior Services - Workforce Investment Act Funding (Board Motion No. 5-F, June 24, 2013) (7/16/13) (Continued from the meeting of 8/21/13). (13-3527)

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was continued to the next meeting.**

Attachments:    [SUPPORTING DOCUMENT](#)

21. Department of Public Health - Mileage, Travel, and Auto Damage Claims Review (7/17/13) (Continued from the meeting of 8/21/13). (13-3529)

**Dorinne Jordan question the reference regarding 20 miles, Robert Smythe, Auditor-Controller (A-C), explained that the 20 mile reference allowed on paper mileage claims was established to cover road impediments like detours, etc. Mr. Smythe also explained the overpayment process and any overages found are deducted from the employee's pay.**

**Dorinne Jordan requested that a representative from the Department of Public Health attend the next meeting.**

**In response to Dorinne Jordan, Robert Campbell, A-C, explained that the Mileage Authorization and Reimbursement System (MARS) has been implemented in County Departments with the largest quantity of mileage claims; feedback for the system has been positive.**

**Wendy Watanabe A-C will remind County Departments to sign up for MARS implementation at the next cluster meeting. At the request of Dorinne Jordan, Robert Campbell ,A-C will provide a quarterly update on the MARS Implementation.**

**By common consent, there being no objection, this item was continued to the next meeting.**

Attachments:    [SUPPORTING DOCUMENT](#)

22. HIPAA and HITECH Act Compliance Review - LAC+USC Medical Center (7/17/13). (13-3530)

**Louisa Ollague requested a schedule reflecting reviews related to the Health Insurance Portability and Accountability Act (HIPPA) and the Information Technology for Economic Clinical Health (HITECH) Act. Linda McBride, Chief HIPAA Privacy Officer (HPO), Auditor-Controller (A-C), reported that HIPPA audits are typically driven by complaints.**



**IKieu-Anh King posed questions regarding the departmental response not being included in the report; Robert Campbell, A-C, reported that an existing Board Policy allows a specific time-frame for a response, which has been exhausted, and the department now has the option of responding to the Board of Supervisors directly. Wendy Watanabe, A-C, reported that a response with general agreement does not require a follow-up.**

**In response to questions posed by Louisa Ollague and Kieu-Anh King, Ms. McBride reported that audits executed by HPO include six Memorandum of Understanding Departments.**

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 23.**    Final Cash Flow Report - Fiscal Year 2012-2013 (7/17/13). (13-3531)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

- 24.**    Domestic Abuse Center - A Department of Public Social Services Domestic Violence Supportive Services Program Provider - Contract Compliance Review (7/18/13). (13-2468)

**Don Chadwick, Auditor-Controller (A-C), reported that the agency's financial records indicated that there was a loan between the Executive Director and the agency in an attempt to solve cash flow problems. Although checks were issued between the Director and the agency, a formal loan agreement was not established until after the A-C review was conducted. Payroll costs revealed that some employees under an hourly rate compensation agreement were paid using salaried rates instead, the agency agreed to compensate them accordingly.**

**Kieu-Anh King posed questions with regard to details of the overpayments made by the agency and the Executive Director's salary; Mr. Chadwick reported that the agency will work with the Department of Public Social Services (DPSS) to justify expenses.**

**Princess Nelson, Auditor-Controller, added that DPSS will conduct a follow up visit that will reveal adjustments in overpayments.**

Louisa Ollague inquired about revising the language in the contracts, related to loans between the agencies and the Executive Directors. Mr. Chadwick reported that efforts are being made to put in place to make contracts clearer about expected steps to take for loans, including a tracking system for transparency.

Mr. Chadwick reported that over the next month his office will be working with DCFS and their contractors to conduct trainings for group homes and foster family agencies, at which time, the importance of proper documentation for loans will be emphasized.

Louisa Ollague asked for an outline of efforts executed by DPSS to improve the contract.

On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

25. District Attorney's Asset Forfeiture Fund (7/18/13). (13-3478)

On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

26. County Departments' Revolving Funds and Revolving Cash Trust Funds as of June 30, 2011 and 2012 (7/23/13). (13-3567)

On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

27. County of Los Angeles Comprehensive Annual Financial Report for Fiscal Year 2012-13. (13-3578)

This item was discussed with Item No. 12.

On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT - MGO LETTER](#)

28. Comprehensive Community Services of South Bay, Inc. - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Year 2012-13 (8/5/13). (13-3698)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

29. Extension of the Due Date for the Quarterly Status Report on the Office of the Assessor Management Audit Recommendations (Board Agenda Item 47, January 8, 2013) (8/5/13). (13-3724)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

30. Institute for Multicultural Counseling and Educational Services, Inc. - A Department of Public Social Services Domestic Violence Support Services Program Provider - Contract Compliance Review (8/5/13). (13-3732)

**Item No. 33 was discussed with this item.**

**Louisa Ollague expressed her content with the fact that there were no findings for these agencies. Don Chadwick, Auditor-Controller, will draft a letter to congratulate the Department of Public Social Services and the agencies.**

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

31. Pacific Asian Counseling Services - A Department of Mental Health Contract Service Provider - Contract Compliance Review (8/5/13). (13-3733)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

32. Exceptional Children's Foundation - A Department of Mental Health Contract Service Provider - Contract Compliance Review (8/5/13). (13-3735)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

**Attachments:**    [SUPPORTING DOCUMENT](#)

---

33. Tessie Cleveland Community Services Corporation - A Department of Mental Health Program Service Provider - Contract Compliance Review (8/5/13). (13-3736)

**This item was discussed with Item No. 30.**

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

Attachments:    [SUPPORTING DOCUMENT](#)

34. Proposition A Contract - Chief Executive Office Workers' Compensation Claims Third-Party Administration Services (Board Agenda August 13, 2013, Item 17) (8/8/13). (13-3806)

**On motion of Louisa Ollague, seconded by Kieu-Anh King, this item was received and filed.**

Attachments:    [SUPPORTING DOCUMENT](#)

35. District Attorney's Office - Payroll/Personnel Review (8/12/13) (Continued from meeting of 8/21/13). (13-3830)

**Dorinne Jordan recommended this item also be discussed at the Justice Deputy Cluster meeting.**

**On motion of Kieu-Anh King, seconded by Louisa Ollague, this item was referred to the cluster meeting and continued to the next meeting.**

Attachments:    [SUPPORTING DOCUMENT](#)

36. Review of the Office of the Assessor's Secured Property Systems (Board Agenda Item 36-A, April 10, 2012) (8/14/13). (13-3861)

**On motion of Dorinne Jordan, seconded by Kieu-Anh King, this item was received and filed.**

Attachments:    [SUPPORTING DOCUMENT](#)

**VI. DISCUSSIONS**

37. DMH Monitoring Update (Continued from meetings of 6/27/13 and 7/17/13). (13-2954)

**Judith Weigand, Department of Mental Health (DMH), provided an overview of the DMH monitoring update.**

**In response to questions posed by Kieu-Ahn King regarding San Gabriel Children's Center's financial issues, Ms. Weigand indicated that the issues are based on the improper documentation of expenditures; the amount owed is expected to be reduced once proper documentation is submitted. Don Chadwick, Auditor-Controller, will email the audit report.**

**Lori Glasgow requested that this item be included in the Department of Mental Health Cluster meeting.**

**Dorinne Jordan requested that the Supervisorial Districts be listed in future reports.**

38. Contract Monitoring Practices (Continued from meetings of 2/28/13, 3/28/13, 4/25/13, 6/27/13 and 7/17/13). (13-0959)

**There was no discussion on this item.**

39. Discuss possible alternatives to process sensitive audit reports (Continued from meeting of 7/17/13). (13-3211)

**Wendy Watanabe, Auditor-Controller, indicated that her office is working on ways to emphasize sensitive reports. Dorinne Jordan asked that this discussion be continued in the Budget Deputy Cluster meeting and continued to the next meeting.**

40. Discussion and approval of a new Audit Committee schedule of meetings (Continued from meeting of 7/17/13). (13-3332)

**Dorinne Jordan proposed meetings be held the third Wednesday of every month at 10:30 a.m.**

**After discussion, on motion of Louisa Ollague, seconded by Lori Glasgow, the proposed schedule was approved without objection.**

41. Pending Audits/Monitoring Reports. (13-3633)

**There was no discussion on this item.**

**VII. MISCELLANEOUS**

- 42.** Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (13-3634)

**There were no matters presented.**

- 43.** Public Comment. (13-3635)

**No members of the public addressed the Committee.**

- 44.** Adjournment. (13-3636)

**There being no further business to discuss, the meeting adjourned at 12:30 p.m.**